

Message Text

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PAGE 01 GEORGE 01806 281857Z

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ACTION SS-25

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FM AMEMBASSY GEORGETOWN
TO SECSTATE WASHDC 1927

C O N F I D E N T I A L GEORGETOWN 1806
STADIS/////////////////
EXDIS
JOINT STATE/AID MESSAGE
FOR ARA/LA, ASST SECY ROGERS AND ASST ADMR KLEINE

E.O. 11652: GDS
SUBJECT: OMB BUDGET CUT FOR FY1977

REF: STATE 253483

1. WITH RESPECT TO GUYANA, FOR IMMEDIATE FUTURE AT LEAST, PROPOSED LIMITATION WOULD NOT IMPOSE ANY CHANGE IN A.I.D. BILATERAL PROGRAM. BEYOND 0.1 MILLION PER YEAR SDAF NO NEW REPEAT NEW AID PROJECTS WERE PROPOSED FOR FY77 NOR ARE ANY PLANNED FOR FY78.
 2. ONE FACTOR IN REDUCING DIRECT BILATERAL ASSISTANCE TO GUYANA WAS ANTICIPATED AVAILABILITY OF INCREASED A.I.D. ASSISTANCE TO GUYANA THROUGH EXPANDED CARIBBEAN REGIONAL PROGRAMS. WE STRONGLY SUPPORT USE OF A.I.D. RESOURCES TO ENCOURAGE REGIONALISM IN CARIBBEAN WITH CONSEQUENT REDUCTION IN INSTITUTIONAL DUPLICATION AND POTENTIAL INCREASED EFFICIENCY IN USE OF SCARCE DEVELOPMENT RESOURCES. ALSO, WITHIN THE CARIBBEAN AS IN OTHER REGIONS, RELATIVELY HIGH PER CAPITA INCOME OF SOME COUNTRIES MASKS PLIGHT OF OTHERS, E.G; HAITI, LESSER ANTILLES, WHICH ARE SUBSTANTIALLY BELOW REGIONAL AVERAGE.
 3. WHILE SECRETARY KISSINGER'S UNGA SPEECH PROPOSED ALTERNATIVES IN TRADE OPPORTUNITIES, EXPORT EARNINGS EQUALIZATION, ETC. FOR SO-CALLED MIDDLE-INCOME LDC'S SUCH AS GUYANA, WE CONSIDER IT IMPORTANT TO OUR BILATERAL RELATIONS WITH SUCH COUNTRIES AND WITH THE DEVELOPING COUNTRIES IN GENERAL, THAT SUCH ALTERNATIVES
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SHOULD BE FULLY READY TO PHASE IN BEFORE OUR BILATERAL ASSISTANCE

IS PHASED OUT SO AS TO AVOID ANY MISUNDERSTANDING THAT WE NO LONGER SHARE IN THEIR PRIORITY CONCERN FOR THEIR DEVELOPMENT.

WE BELIEVE THAT SUCH MISUNDERSTANDING COULD FURTHER IMPAIR OUR OVERALL RELATIONSHIPS WITH LA COUNTRIES AND GIVE ADDED IMPETUS TO THEIR IDENTIFICATION OF INTERESTS WITH "THIRD WORLD" AND "NON-ALIGNED".

4. OVERALL WHILE WE CONCUR THAT A.I.D. SHOULD PROVIDE CAPITAL TRANSFER TYPE ASSISTANCE ONLY TO THE VERY POOREST COUNTRIES, FOR WHICH SOME PER CAPITA INCOME FIGURE MAY PROVIDE USEFUL DIVIDING LINE, WE BELIEVE THERE ARE COUNTRIES WITH PER CAPITA INCOME SUBSTANTIALLY ABOVE DOLS 300 WHICH NEED HELP IN DEVISING NEW APPROACHES FOR MEETING BASIC NEEDS OF MAJORITIES WHICH ARE STILL VERY POOR, AND WHOSE POVERTY RELATIVE TO OTHER LDC POPULATIONS MAY BE MASKED IN SOME CASES BY WORSE INCOME DISTRIBUTION. SUCH NEW APPROACHES REQUIRE ASSISTANCE NOT ONLY IN DESIGN BUT ALSO IN SHARING THE FINANCIAL RISK OF FAILURE, I.E; AN LDC WITH PER CAPITA INCOME SUBSTANTIALLY HIGHER THAN US DOLS 300 MAY STILL BE POOR ENOUGH THAT IT CAN ILL AFFORD TO BEAR ALL COSTS OF EXPERIMENT, AND A.I.D. FINANCING CAN PROVIDE THE ESSENTIAL CATALYST. IN SHORT, WE SEE THE APPARENT CONGRESSIONAL CONCERN FOR POOR MAJORITIES AS CONSONANT WITH A.I.D. RESPONSE IN SOME LDC'S WHOSE AVERAGE PER CAPITA INCOME MAY BE WELL ABOVE DOLS 300

5. THIS MESSAGE REPRESENTS COMBINED VIEWS OF AMBASSADOR AND AID MISSION DIRECTOR.
KREBS

NOTE BY OC/T: STADIS AND EXDIS CAPTIONS ADDED PER S/S-O - MR. P JONSON

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